

[Your Name/Company Name]
[Your Address]
[City, State, Zip Code]
[Email Address]
[Phone Number]

[Date]

[Recipient Name]
[Recipient Company Name]
[Recipient Address]
[City, State, Zip Code]

RE: Proposal for Mutual Forbearance Agreement Regarding [Contract/Loan Account Number]

Dear [Recipient Name],

This letter serves as a formal proposal to enter into a Mutual Forbearance Agreement regarding the obligations under the [Agreement Name/Loan Agreement] dated [Original Date of Agreement].

Due to [briefly state the reason, e.g., temporary financial hardship or unforeseen market conditions], [Your Name/Company] is currently facing challenges in meeting the original repayment/performance schedule. To ensure a mutually beneficial resolution and to avoid formal default proceedings, we propose the following terms for a forbearance period:

- **Forbearance Period:** A period of [Number] months, beginning on [Start Date] and ending on [End Date].
- **Suspension/Reduction of Payments:** During this period, [Your Name/Company] proposes to [make reduced payments of Amount / suspend payments entirely].
- **Mutual Obligations:** In exchange for this accommodation, [Your Name/Company] agrees to [provide updated financial statements / waive certain claims / provide additional collateral].
- **Repayment Plan:** Following the expiration of the forbearance period, the deferred amounts will be addressed by [repayment schedule, e.g., a lump sum payment or increased monthly installments].
- **Interest and Fees:** [Specify if interest will continue to accrue or if late fees will be waived during this period].

We believe that this mutual forbearance is in the best interest of both parties, as it preserves our professional relationship and provides a structured path toward full compliance with our original agreement.

Please review this proposal and let us know if the terms are acceptable or if you would like to discuss modifications. We are prepared to have our legal counsel draft the formal agreement once we reach an understanding in principle.

We look forward to your prompt response.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]